NCA
VOC FOR IOP/FN
NEWS ANALYSIS 1-0316 MARCH 8, 1976
CHARLES MEDD

THE ECONOMY AND POLITICS

ANNCR:

THE LATEST GOVERNMENT SURVEYS HAVE AGAIN PRODUCED ENCOURAGING ECONOMIC NEWS, AND THE IMPACT OF THESE REPORTS -- AS CHARLES MEDD POINTS OUT -- SHOULD HELP PRESIDENT FORD'S POLITICAL FORTUNES.

VOICE:

PRESIDENT FORD, CAMPAIGNING IN ILLINOIS LAST WEEK, MADE THE TRADITIONAL PILGRIMAGE TO THE BIRTHPLACE OF ABRAHAM LINCOLN. GIVEN THIS COUNTRY'S ALMOST UNIVERSAL AFFECTION FOR LINCOLN, SUCH VISITS HAVE BECOME AN ELECTION-YEAR RITUAL FOR ALL NATIONAL CANDIDATES. BUT WHATEVER THE POLITICAL DIVIDENDS, THEY WERE NO DOUBT FAR LESS IMPORTANT TO MISTER FORD THAN THE ECONOMIC FIGURES RELEASED ON SUCCESSIVE DAYS BY THE UNITED STATES DEPARTMENT OF LABOR.

ON THURSDAY, THE DEPARTMENT REPORTED WHOLESALE PRICES FOR FEBRUARY DOWN BY ONE-HALF A PERCENTAGE POINT, THE LARGEST ONE-MONTH DROP SINCE MARCH OF LAST YEAR. THE DOWNWARD TREND AT THE WHOLESALE LEVEL THAT BEGAN FOUR MONTHS AGO MEANS THE RECENT DECLINE IN RETAIL PRICES SHOULD CONTINUE.

FRIDAY BROUGHT MORE GOOD NEWS, THIS TIME ON THE EMPLOYMENT SIDE. THESE STATISTICS SHOW A CONTINUED RISE IN THE NUMBER OF AMERICANS AT WORK AND A CORRESPONDING DECREASE IN UNEMPLOYMENT. SINCE LAST MAY, THE NATIONAL JOBLESS RATE HAS DROPPED FROM A HIGH OF EIGHT-POINT-NINE PER CENT TO SEVEN-POINT-SIX PERCENT FOR FEBRUARY. MOST

ENCOURAGING OF ALL ARE THE FIGURES FOR WORKERS WHO ARE THE PRINCIPAL WAGE-EARNERS -- THE SO-CALLED HEADS OF HOUSEHOLDS -- WHOSE UNEMPLOYMENT RATE FELL BELOW FIVE PER CENT FOR THE FIRST TIME SINCE 1974.

THE LATEST REPORTS DO NOT SIGNAL AN ABRUPT END TO AMERICA'S ECONOMIC WOES, BUT THEY DO SUGGEST A STEADY TREND TOWARD BETTER TIMES. PRESIDENT FORD, UNDER PRESSURE FROM CONGRESSIONAL DEMOCRATS TO STIMULATE THE ECONOMY THROUGH GOVERNMENT SPENDING PROGRAMS, HAS KEPT TO HIS OWN COURSE AND MAY NOW BE READY TO REAP THE BENEFITS. THE SHORT-TERM BENEFITS SHOULD COME IN THE NEXT FEW WEEKS AS HIS REPUBLICAN CHALLENGER RONALD REAGAN CONTINUES TO QUESTION THE PRESIDENT'S LEADERSHIP ABILITIES. IF THAT CHALLENGE FAILS, THE NATION'S IMPROVING ECONOMIC PICTURE COULD BECOME A PRIME POLITICAL ASSET IN NEXT FALL'S ELECTION. FOR THE DEMOCRATS, THE ECONOMY IS THE NUMBER ONE ELECTION ISSUE, AND THE BETTER IT LOOKS THE WORSE THEIR CHANCES ARE OF RECAPTURING THE WHITE HOUSE.

GH/LP